Report On The Principles Of Management At Commonwealth Bank Of Australia (CBA)

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Introduction

This research paper examines CBA, an Australian bank and financial services provider based in Sydney. CBA operates in Australia, Fiji, New Zealand, the UK and the US. The organization was established in 1911 as Australia's national bank. Westpac and NAB are two of CBA's primary domestic and international competitors. The bank has 51,000 employees in 11,000 branches worldwide (Commonwealth Bank of Australia 2020). Since it operates in many cultural settings, it is a varied corporation. It is Australia's biggest bank in terms of assets and customers. Strong CSR efforts have made the bank one of the finest in Asia Pacific and Australia (Gollan, 2018). The bank offers a variety of products due to its varied portfolio. CBA is a major player in domestic and international banking and financial services markets. CBA's primary goal is to serve the needs of its retail banking customers. In order to become a market leader, the company employs product innovation and customer-centricity.

PESTEL Analysis

Political Factors

Commonwealth Bank of Australia's long-term profitability in a particular country or market is influenced by political variables. The bank is affected by the following factors: Bank stability and the financial sector's relevance to the economy, Military intervention on the horizon, High Corruption, especially in the banking sector, The government's bureaucracy and interference in the banking system, Legal framework for contract enforcement, Intellectual Property Rights (IPR), Trade restrictions and tariffs on financial services, Preferred clients, Antitrust Laws, Incentives for tax evasion and the rates of taxation, The federal minimum wage and the requirement for paid time off.

Economic Factors

The following are economic considerations for the Commonwealth Bank of Australia when performing a PESTEL analysis: Economic System Stability, Financial Institutions that are tied to government interference in free markets, the currency's exchange rate and stability in the destination country, Banks' infrastructure quality, Host nation benefits and the banking industry in the host country.

Social Factors

The Commonwealth Bank of Australia's PESTEL analysis is affected by social factors such as demographics, Education, Social hierarchy, class structure, and power structure. The CBA industry is highly educated in lifestyles (gender roles, social conventions, etc.), entrepreneurship and society's nature, views (health, environmental consciousness, etc.), and hobbies.

Technological Factors

Analysis of technology implications includes recent CBA tech advances, competitors, product offerings and technology, banks' cost structure, value chain structure, and diffusion rate.

Environmental Factors

The environmental factors include climate pollution legislation, recycling rules for banks, bank trash, environmentalists, die-offs, and energy support.

Legal Factors

Commonwealth Bank's legal factors are Countrywide bank antitrust legislation, Legal bias, E-commerce consumer protection, copyright, HR Safety rules, and Privacy.

SWOT Analysis

Strengths

Following the Main Financial Institutions Ranking, CBA is Australia's most prominent bank and financial service provider (MFI). It was determined that this financial institution had the highest Retail MFI Customer Satisfaction Index scores. Derivatives risk can be handled and reduced thanks to the company's extensive and high-quality credit services.

Weaknesses

CBA has had a few problems in the past few years. In 2017, a money-laundering incident harmed the company's reputation. The (AUSTRAC) Australian Transaction Reports and Analysis Centre found more than 50,000 instances where the bank had violated financing laws in counter-terrorism and anti-money laundering. CBA's reliance on foreign borrowings has other advantages. For example, the rapidity with which currency rates fluctuate during this phase of the Covid-19 outbreak could lead to losses. Borrowing costs are expected to grow shortly.

Opportunities

Two instances of CBA's great potential are the Indigenous Customer Assistance Lines and CBA's expansion into other Asian and emerging countries. CBA's wealth management sector has much space to expand throughout Asia, particularly in fast-growing economies like Singapore, Vietnam, Malaysia, and India. Using Indigenous Customer Assistance Lines, CBA can also contact the indigenous market and offer remote banking services to them.

Threats

The CBA confronts two major threats. There will be no government guarantee for banks in Australia, which means that corporations amid a financial crisis will be on their own. Even the Covid-19 pandemic may have impacted corporate profitability because of delays in debt repayments in Australia and other countries.

Ethics

Employees and supervisors at CBA accept personal responsibility for their ethical conduct as a part of the bank's corporate ethics policy. Employee moral code adherence is the responsibility of the manager as well. According to the ethical policy of the corporation, moral responsibility extends beyond the organization's borders. As a result, it is anticipated that all employees will conduct themselves well in order to reflect on the organization. All CBA workers are guaranteed to be actively involved in ensuring that the company's ethical standards are maintained.

CSR

The Commonwealth Bank of Australia's CSR programs include a focus on education. As part of this policy, the bank hopes to promote social justice by ensuring that all students access high-quality schooling. Education plays a vital role in the bank's efforts to empower the communities it serves. CBA has developed an education plan lasting 25 years in Australia to support future generations and young people. CBA set aside $50 million from 2015 to 2018 to achieve this goal (Commonwealth Bank of Australia 2017). The schooling program has two main objectives. Children are first taught about money by the CBA. Banks are also concerned about the well-being of society by ensuring that personnel are well-trained.

Elements of a plan

Without thorough planning, an organization's goals cannot be achieved. The first stage of planning determines the organization's goals (Chevalier & Gutsatz, 2017). For a company to plan well, it must have a set of goals for its people to work toward. Measurable and time-bound objectives are essential. Prioritizing goals ensures that all teams are working toward the same end goal simultaneously. CBA's mission is to supply its clients with products made by hand and sold only in CBA's retail stores. This approach assures that every CBA customer receives the CBA touch with every transaction. This is a major priority for the organization because of its importance and accessibility.

The second part of a strategy is a set of actions that have been well thought out and prepared. The bank devises a plan of action in order to achieve a goal. In-house designers create CBA services so that each consumer has a one-of-a-kind experience (Cervellon & Coudriet, 2015). Since the goal is to meet customer expectations, the strategy should include creating unique concepts, involving the entire design team, and setting procedures to ensure that everyone on the team keeps to their promises.

The organization determines what resources are required to reach this goal. In order to ensure that clients get exactly what they want from CBA services, CBA carefully selects its workforce and sales platform (Jin & Cedrola, 2017). Therefore, the bank's plan should specify the levels and sources of human resources required.

Finally, the firm can begin putting the plan into action. At this point, the teams responsible for achieving the specific goals are assigned their roles and instructions. An important policy pillar ensures that all employees can make sound decisions. Management uses its authority and influence to guarantee that all teams are motivated to reach stated goals and that everyone is on the same page. Errors can be avoided, and time and money can be saved by following a well-thought-out implementation approach.

Company culture

Traditions, ideals, and individual personalities all play a significant role in shaping the culture of a corporation. When it comes to the CBA, it might be a good idea to construct a culture around its time-honoured customs and rituals. Maintaining some of your company's long-standing traditions is one way to ensure that your company remains competitive in a market that is always evolving (Cavender & Kincade, 2016). The foundation of the CBA is made up of three fundamental pillars: CBA is committed to promoting caring, equality, and respect to assist both their clients and their employees in experiencing a sense of safety and involvement.

Organizational structure

The structure of an organization can be characterized in a variety of diverse ways, each with its own set of advantages and disadvantages. The organization devises a structure to define how it will function to achieve the objective it has set for itself. In addition, it plays a part in defining the level of success that the firm achieves. It depends on how activities such as coordination, formalization coordination, centralization, supervision and professionalism, along with the allocation of tasks, are oriented toward the firm's objectives.

When the basis of the Commonwealth Bank is discussed, the key components at the core of the foundation are dissected, the activity that is included in retail banking. An essential component of retail banking services is the provision of financial assistance to retail clients and customers who run small enterprises, Catering to the greatest possible standard for professional purposes. 2009 marked the beginning of the separation of these two key aspects of the service.

The first group consists of financial and trading institutions. And banking services for both individuals and companies. Institutional banking and markets refer to businesses that target institutional clients in addition to providing their wares and services to worldwide markets. Lastly, the worry that business clients and private banking customers feel comes from the world of business and private banking, which is wealth management. The following are rolled into one category: financial advice for business help; the group funds management platform; insurance; superannuation and master funds; Leadership at the managerial and administrative levels; and at the Common Wealth Bank of Australia, the positions of CEO and deputy CEO have been filled.

The Commonwealth Bank of Australia has employed matrix-style management since its founding in 1901. In February of 2002, this structure was implemented. As a result, the bank's executives now have more room for growth. Matrix-styled organizations divide their employees into groups based on the needs of their customers and the geographic regions they serve. This type of organizational structure involves both managers and employees to a great extent. The primary goal here is to achieve the desired outcome.

The Commonwealth Bank of Australia's domestic and overseas departments are governed independently in this type of organizational structure (Buell & John, 2018). It is a horizontal type of organizational structure in which all the leaders of an organization are responsible for a certain department and then report directly to the CEO of the corporation's chairman. Another benefit of a matrix-style organizational structure is that highly qualified employees can be assigned to a critical task in a very short amount of time. Using this allotment, the company's output could be boosted.

Leadership Theory

The transformative leadership model best serves CBA. A lot of this theory revolves around understanding how leaders and subordinates interact. The leadership legacy of CBA extends much further, thanks to its customers, brand champions, and other stakeholders (Cavender & Kincade, 2016). Because the organization's goals are so clearly articulated, any newbie to the organization will have minimal difficulty understanding them. All employees are encouraged to enhance their performance standards using the leadership approach.

Among the most esteemed brands is CBA because of its distinctive products, retail locations, and entire business style (Cavender & Kincade, 2016). All employees must be on board with the company's long-term vision and organizational goals in order for it to continue operating at the same level for over a century. Through transformational leadership, a company might experience increased energy, passion, and creativity (Radon, 2018). As a result, employees are more inclined to accomplish their tasks well and contribute to achieving the company's goals.

Motivation theory

Employees inspired to do their best work are a company's most precious asset. Motivating individuals in the workplace can be accomplished through internal and external factors. Extraneous variables such as monetary incentives and penalties are examples (Riot, Chamaret & Rigaud, 2016). An example of an intrinsic component is the need to satisfy one's desires. Intensely motivated people are motivated to achieve organizational goals because it provides personal or professional motivation. CBA can benefit from boosting its employees' innate inclinations in the long run. Having a solid balance of these factors is the best approach to staying motivated.

Therefore, Maslow's Hierarchy of Needs theory might be used by the organization to boost employee motivation. In theory, there is a hierarchy of needs, both for personal life and career. The company's goals should be in line with the personal and professional goals of the employees (Kasztalska, 2018). It is easier for employees to work hard if they sense they are making a difference for their employer. A new CBA employee must first achieve their physical needs before advancing to self-realization. This method is a win-win for both the company and its employees because it provides job stability.

Recommendations

The bank's strengths and opportunities, its weaknesses and prospective threats are emphasized in a SWOT analysis. Even though the company has high moral standards and funds a CSR, given the current state of the market, this long-standing tradition can be seen as a liability. As a result, there is a lack of visibility online. The post-pandemic business environment has changed, and CBA may need to adjust to being relevant. The bank must find a way to connect its corporate goals to its employees' personal and professional ambitions to enhance employee motivation.

Conclusion

CBA has a sizable market share as one of Australia's top banks and financial service providers. Established in 1911, the company served as Australia's central bank. Both Westpac and NAB are CBA's major domestic and international competitors. Customers who have been with the bank for a while can take advantage of a rewards program. According to a SWOT analysis, CBA is the most trusted company in Australia. CBA's marketing efforts are primarily geared toward serving the needs of its retail banking clients. This paper highlights some of the most significant aspects of the organization. Even though the bank has a long and successful history, it must be able to change with the times. The organization may have to break with tradition to take advantage of the many opportunities that are open to them. However, certain of the organization's unique traits must be preserved.

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